

Message Text

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ACTION AGR-20

INFO OCT-01 EUR-25 ISO-00 EB-11 COME-00 TRSE-00 L-03 TAR-02

STR-08 CIAE-00 INR-10 NSAE-00 RSC-01 DRC-01 /082 W

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R 101750Z MAY 74

FM AMEMBASSY LONDON

TO SECSTATE WASHDC 0254

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E.O. 11652: N/A

TAGS: ETRD, USK, UK

SUBJECT: FROZEN ORANGE CONCENTRATE

REF: (A) STATE 94029, (B) LONDON 4053, (C) LONDON 4621

1. UPON RECEIPT REF A WE CHECKED WITH AMERICAN DESK OF DEPARTMENT OF TRADE WHICH IN TURN CHECKED DIRECTLY WITH OFFICE OF SECRETARY OF STATE FOR TRADE, PETER SHORE. WE WERE INFORMED THAT DEPARTMENT OF TRADE HAS OUR REPRESENTATIONS ABOUT VAT ON FROZEN ORANGE CONCENTRATE UNDER ACTIVE CONSIDERATION AND THAT PROBLEM IS BEING DISCUSSED WITH THE RESPONSIBLE MINISTRIES, INCLUDING HM TREASURY. OUR CONTACT AT DEPARTMENT OF TRADE WAS UNABLE AT THIS TIME TO SAY WHEN DECISION MIGHT BE REACHED. WE TOOK THE OPPORTUNITY TO EMPHASIZE AGAIN OUR HOPE THAT THERE WILL BE AN EARLY RESOLUTION OF THE PROBLEM.

2. WE ALSO CHECKED WITH BIRDS EYE (UK) ON PROGRESS THEY HAVE MADE THROUGH MEMBER OF PARLIAMENT GEOFFREY PATTIE (REF B). BIRDS EYE REPORTED THAT PATTIE IS ACTIVELY WORKING ON THE CASE AND WILL TRY TO RESOLVE THE PROBLEM SOME TIME IN JUNE WHEN A PARLIAMENTARY COMMITTEE GIVES CONSIDERATION TO A STATUTORY ORDER THAT WOULD IMPLEMENT THE TAX LEGISLATION' WE WILL KEEP IN TOUCH WITH BIRDS EYE'

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3. AS DEPARTMENT WILL RECALL, WHEN CHANCELLOR OF EXCHEQUER ANNOUNCED IN BUDGET STATEMENT (MARCH 26) IMPOSITION OF VAT AT 10 PER CENT ON CATEGORY OF PRODUCTS, INCLUDING FROZEN ORANGE CONCENTRATE, EMBASSY TOOK IMMEDIATE ACTION. ON MARCH 27 WE WERE IN TOUCH WITH HM CUSTOMS AND EXCISE TO MAKE REPRESENTATIONS, AND ON MARCH 28 WE SENT FORMAL NOTE TO FOREIGN AND COMMONWEALTH OFFICE (FCO) ARGUING AGAINST IMPOSITION OF VAT ON FROZEN ORANGE CONCENTRATE. FOLLOWING DAY (MARCH 29) ECONOMIC AND COMMERCIAL MINISTER RAISED THE QUESTION DIRECTLY WITH SIR MAX BROWN, SECRETARY, MINISTRY OF TRADE, AND EXPRESSED OUR DEEP CONCERN' WE WERE IN CONTINUOUS CONTACT WITH BIRDS EYE, UK, WHICH IS DISTRIBUTOR OF US FROZEN ORANGE CONCENTRATE, AND ENCOURAGED BIRDS EYE TO USE RESOURCES AT ITS DISPOSAL TO CAMPAIGN AGAINST TAX. BIRDS EYE, AS PREVIOUSLY REPORTED, ENLISTED ASSISTANCE OF MEMBER OF PARLIAMENT, GEOFFREY PATTIE' WE ALSO ACCOMPANIED WASHINGTON ATTORNEY, ROBERT SALTZSTEIN, WHEN HE CALLED MORNING OF MARCH 28 ON R. W. RADFORD, CHAIRMAN OF BOARD OF HM CUSTOMS AND EXCISE, IN FURTHER EFFORT FIND MEANS OF EXEMPTING FROZEN ORANGE CONCENTRATE FROM VAT' FINALLY, AS INSTRUCTED BY DEPARTMENT AND REPORTED REF C, ECONOMIC AND COMMERCIAL MINISTER CALLED SECRETARY OF STATE FOR PRICES AND CONSUMER PROTECTION AND ATTEMPTED TO MAKE APPOINTMENT TO DISCUSS THIS PROBLEM' THIS MINISTRY, HOWEVER, REFUSED TO TAKE AN INTEREST, DESPITE THE OBVIOUS EFFORTON CONSUMER PRICES OF MAKING CONCENTRATE SUBJECT TO YAT.

4. WE CONTINUE TO BE IN CLOSE TOUCH WITH MINISTRIES CONCERNED, AND WILL KEEP DEPARTMENT INFORMED.

SOHM

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: POLICIES, VALUE ADDED TAXES, CITRUS FRUITS, FOOD PRESERVATION
Control Number: n/a
Copy: SINGLE
Draft Date: 10 MAY 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: GarlanWA
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974LONDON05859
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D740115-0427
From: LONDON
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740558/aaaabzll.tel
Line Count: 95
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION AGR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: (A) STATE 94029, (B) LONDON 4053, (C,) LONDON 4621
Review Action: RELEASED, APPROVED
Review Authority: GarlanWA
Review Comment: n/a
Review Content Flags:
Review Date: 21 JUN 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <21 JUN 2002 by cunninfx>; APPROVED <11 FEB 2003 by GarlanWA>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: FROZEN ORANGE CONCENTRATE
TAGS: ETRD, US, UK
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005